

Frank  
Montarelli/OCP/R8/USEPA/U  
S

03/12/2008 05:51 AM

To Frank Montarelli/OCP/R8/USEPA/US@EPA  
cc

bcc Carol Campbell/R8/USEPA/US

Subject Seattle Post-Intelligencer: W.R. Grace to pay record  
Superfund fine - But \$250 million may fall well short of Libby,  
Mont., cleanup cost

## SEATTLE POST-INTELLIGENCER

[http://seattlepi.nwsource.com/national/354633\\_libby12.html](http://seattlepi.nwsource.com/national/354633_libby12.html)

### W.R. Grace to pay record Superfund fine

**But \$250 million may fall well short of Libby, Mont., cleanup cost**

*Last updated March 11, 2008 9:22 p.m. PT*

**By ANDREW SCHNEIDER**  
P-I SENIOR CORRESPONDENT

The government says it finally has persuaded W.R. Grace & Co. to pick up some of the cleanup bill for what the Environmental Protection Agency has called the worst environmental disaster in U.S. history.

The Justice Department on Tuesday announced that Grace had agreed to pay a record-setting \$250 million to reimburse the federal government for the costs of the investigation and cleanup of asbestos contamination in Libby, Mont.

Officials at Justice and EPA said the payout will be the largest in the history of the Superfund program.

People from both agencies involved with Libby and Grace told the Seattle P-I that the money may not come close to paying to remove the lethal fibers from the homes, businesses, ballfields and schoolyards of the community. Earlier estimates neared \$500 million. This, health experts say, is because much is still unknown about the toxicity of the tremolite asbestos contaminating the vermiculite ore, beyond the fact that it is far more dangerous than other asbestos material.

The EPA has been on the scene in the tiny northwestern Montana community since November 1999, arriving three days after the P-I first reported that hundreds of miners and their family members had died or were sickened by exposure to asbestos fibers released from Grace mine on Zonolite Mountain. The newspaper reported on hundreds of Grace documents that showed the company knew its ore was dangerous and that miners, who were being sickened and killed by it, were never warned of the hazard.

A research arm of the Centers for Disease Control and Prevention that conducted the nation's largest environmental health study found that close to 20 percent of the 5,500 residents tested had lung abnormalities. All of them had lived, worked or played in Libby before Grace closed the

mine in 1990.

Earlier this year, physicians monitoring the situation in Libby told the P-I that neither reports of new cases of illness nor asbestos-related deaths have peaked.

"Getting anything they can from Grace is good, but the graveyard is filled with miners, their families, my parents and others who were killed by the asbestos in the ore that Grace mined for years," said Gayla Benefield, an activist who, with her partner Les Skramstad, fought to bring attention to the plight of their community.

"Obviously, this money will not bring them back, but maybe, just maybe, it may pay for the cleanup that will make this community safer for those who survived."

"Don't forget" she added, quoting Skramstad, who died last year, "no one from Grace has ever come back to say they were sorry."

Grace's problems are far from over. On Feb. 7, 2006, on the steps of the county courthouse in Missoula, Mont., U.S. Attorney Bill Mercer announced a 10-count criminal indictment against seven senior current and former Grace officials. He alleged conspiracy, knowing endangerment, obstruction of justice and wire fraud for endangering the people of Libby by concealing well-documented hazards of the tremolite asbestos.

The trial has been postponed three times as Grace challenges a variety of issues. The Justice Department said it has yet to be rescheduled. Grace has been given until April 14 to submit an appeal to the Supreme Court if it wants to challenge an appellate court's decision restoring key charges against the worldwide chemical company, its executives and former mine managers.

Tuesday's court decree would settle a bankruptcy claim brought by the federal government to recover money for past and future costs of cleanup of contaminated schools, homes and businesses in Libby. In December, the Justice Department reported that Grace agreed to pay \$34 million to clean up 32 of the scores of contaminated sites in North America where the company processed its vermiculite. It was sold for attic and wall insulation and lawn products.

The insulation, Zonolite, has been shown by the government to be heavily contaminated with asbestos and is still in 15 million to 35 million homes in the United States and countless more in Canada and elsewhere.

The federal government filed suit against Grace in March 2001 to recover its investigation and cleanup costs under the Superfund law. The lawsuit also named Kootenai Development Corp. -- a Grace subsidiary -- as a defendant because of its ownership of three contaminated properties in Libby.

In 2003, the federal District Court in Montana awarded the EPA more than \$54 million for cleanup costs incurred by the EPA during its first year of attempting to clean up the heavily contaminated town. But that award has not been paid because of the chemical company's

bankruptcy, which Grace and 61 affiliated companies filed in 2001. At that time, Grace said it took the action to protect itself from thousands of lawsuits filed on behalf of those sickened or killed by the tainted vermiculite.

Asbestos, a recognized human carcinogen, is known to cause lung cancer and mesothelioma, a lethal tumor of the lining of the chest and abdominal cavities. Exposure can also cause asbestosis, a disease characterized by scarring of the lung.

Grace has corporate headquarters in Columbia, Md., and employees in nearly 40 countries. It manufactures construction chemicals, building materials and chemical additives.

The settlement requires Grace to pay the \$250 million within 30 days of bankruptcy court approval.

### **SPECIAL REPORT ONLINE AT SEATTLEPI.COM**

The tiny town of Libby, Mont., depended for years on the jobs at a vermiculite mine. After the mine closed, a Seattle P-I investigation showed the town is paying a tragic price for those jobs. Hundreds of former miners, their wives and children, and other townspeople have either died or been diagnosed with fatal illness from asbestos the mine released into the air. To read the special report, visit [seattlepi.com/uncivilaction](http://seattlepi.com/uncivilaction).

*P-I senior correspondent Andrew Schneider can be reached at 206-448-8218 or [andrewschneider@seattlepi.com](mailto:andrewschneider@seattlepi.com).*